

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BOARD OF ADMINISTRATION

INVESTMENT COMMITTEE

December 17, 2007

Chief Investment Officer's

Consolidated Investment Activity Report

(October 2007 Reporting Period)

Market Environment – October 31, 2007

General Market Commentary

During October most markets recovered from the volatile third quarter. However, with the housing market and credit concerns still threatening the US economy, the Federal Reserve again lowered the Fed Funds interest rate in October, from 4.75% to 4.50%. Oil prices continued to increase, closing just above \$94.50.

Domestic and International Equities

The U.S. equity market posted a positive gain for the third consecutive month with 1.59% for October (as measured by the S&P 500). Growth once again outperformed value stocks as measured by the R1000G's return of 3.40% versus the R1000V's return of 0.01%. International equities also increased for the month, with the MSCI EAFE rising 3.94% in October. The emerging markets continued their strong run with an 11.16% (as measured by the MCSI EM Index) return for October.

Domestic and International Fixed Income

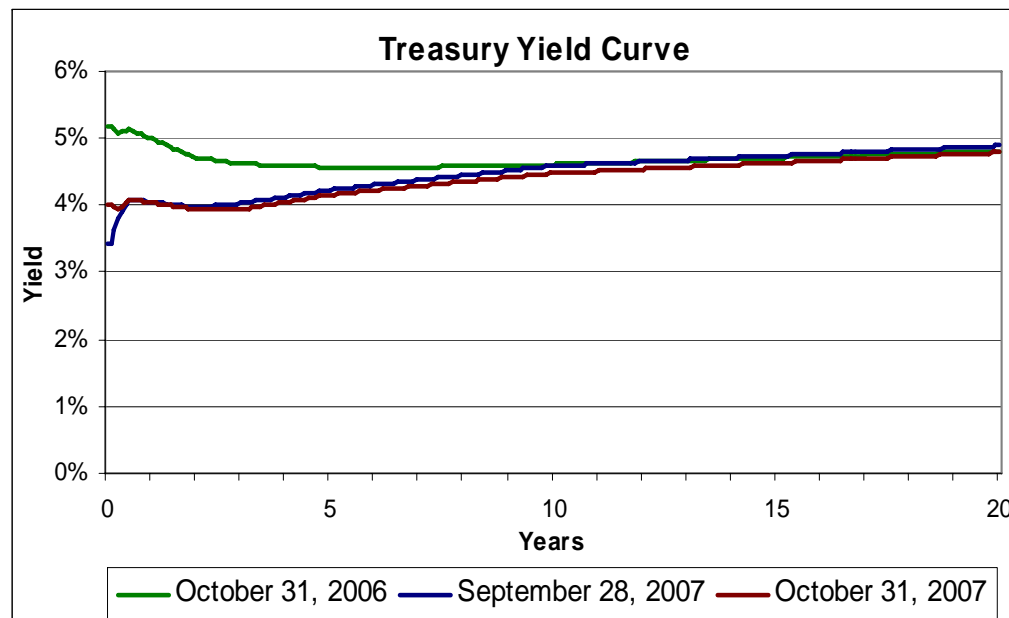
The Lehman Brothers Aggregate Bond Index returned a positive 0.90% return during October. US TIPS were up 1.12% (LB US TIPS) for the month. The high yield market returned 0.61% during the month, as measured by the Merrill Lynch High Yield Master II Index. International fixed income markets returned 1.63%, as measured by the Citigroup World Government Bond Index ex US (unhedged).

Real Estate

Real estate (as measured by the MSCI US REIT Index) returned 1.22% in October. The NCREIF Index of Real Estate Properties returned a positive 3.56% for the quarter ended September 2007.

Private Equity and Absolute Return Strategies

The Venture Economics All Private Equity Index returned 24.53% for the 12 months ended June 2007 and 14.83% for the 10 years ended June 2007. Absolute Return Strategies (CSFB/Tremont Hedge Fund Index) returned 3.16% in October and 17.89% for the 12 months ended October 2007.



MARKET INDICATORS	10/31/2006	Direction	9/28/2007	Direction	10/31/2007
1m LIBOR (fixed in \$)	5.32%	▼	5.12%	▼	4.71%
Federal Funds	5.25%	▼	4.75%	▼	4.50%
10Y Treasury Note Yield	4.61%	▼	4.58%	▼	4.47%
30Y Treasury Bond Yield	4.72%	▲	4.83%	▼	4.75%
DJ-Wilshire 5000 Comp	13,791.73	▲	15,317.78	▲	15,594.91
S&P 500	1,377.94	▲	1,526.75	▲	1,549.38
NASDAQ Composite	2,366.71	▲	2,701.50	▲	2,859.12
FTSE 100 Index	6,129.20	▲	6,466.80	▲	6,721.60
Nikkei 225 Index	16,399.39	▲	16,785.69	▼	16,737.63
Yen/\$ (Dollar Strength)	116.820	▼	114.970	▲	115.270
Euro/\$ (Dollar Strength)	0.783	▼	0.703	▼	0.691
GBP/\$ (Dollar Strength)	0.524	▼	0.490	▼	0.481
Crude Oil per Barrel	\$ 58.73	▲	\$ 81.66	▲	\$ 94.53
Gold (\$/oz Daily Spot)	\$ 603.75	▲	\$ 743.00	▲	\$ 789.50
GS Commodities Index	\$ 429.22	▲	\$ 546.13	▲	\$ 599.31

CalPERS Asset Allocation – October 31, 2007

Summary

- Total Fund Market Value was \$260.6 Billion
- Total Fund Book Value was \$201.6 Billion
- All Asset Classes are within their permissible ranges relative to target ranges and strategic target levels.

Book to Market Value Comparison

	Book Value (\$ Billion)	Market Value (\$ Billion)	Effective Market Value (\$ Billion)	Difference (Market – Book) (\$ Billion)
Cash Equivalents	\$2.2	\$2.2	\$0.9	\$0.0
Domestic Fixed Income	\$57.9	\$60.4	\$60.4	\$2.5
International Fixed Income	\$6.9	\$7.4	\$7.4	\$0.4
Global Fixed Income	\$64.8	\$67.7	\$67.7	\$2.9
AIM	\$20.3	\$19.5	\$19.5	-\$0.8
Domestic Equity ¹	\$54.4	\$93.6	\$94.4	\$39.2
International Equity	\$41.1	\$55.8	\$56.2	\$14.7
Global Equity	\$115.9	\$168.9	\$170.2	\$53.0
Real Estate	\$18.7	\$21.9	\$21.9	\$3.2
Total Fund	\$201.6	\$260.6	\$260.6	\$59.1

¹ Included is MDP Investment - LM Capital Investment: Total Book Value=\$198.2 million, Total Market Value=\$199.1 million.

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values. When summing net amounts on this report, there may be breakage.

Top Company Exposures

- As a very significant institutional investor, CalPERS has large exposures to the securities of many corporations either through internal or externally managed portfolios. Consistent with board requested information and in support of the Board of Administration's oversight role, a schedule of the top 20 company exposures is prepared for informational purposes and can be found on Page 4.

CalPERS Total Fund Top 20 Company Exposures

Based on Total Market Values as of 10/31/2007

Company Name	Equity Exposure			Total Equity Market Value	Fixed Income Exposure			Total FI Market Value	Real Estate Exposure (1)	TOTAL Market Value	% of Total Fund (3)
	Internally Managed Active	Externally Managed Passive	Externally Managed Active		Internal	External	Sec. Lending (2)				
GENERAL ELECTRIC	210,860,663	1,326,817,296	344,458,820	1,882,136,779	356,557,912	32,067,476	975,809,234	1,364,434,622		3,246,571,401	0.87%
EXXON MOBIL CORP	311,186,348	1,643,879,698	441,956,572	2,397,022,618				0		2,397,022,618	0.92%
MICROSOFT CORP	237,761,937	1,101,182,193	325,163,454	1,664,107,584				0		1,664,107,584	0.64%
CITIGROUP INC	97,270,263	650,690,240	191,628,393	939,588,896	162,390,764	19,146,041	274,210,750	455,747,555		1,395,336,451	0.43%
BERKSHIRE HATHAWAY	265,673,102	649,250,000	2,650,000	917,573,102	381,709,691		50,021,795	431,731,486		1,349,304,588	0.50%
AT&T INC	124,839,058	812,899,080	242,224,911	1,179,963,049				0		1,179,963,049	0.45%
BANK OF AMERICA CORP	75,209,956	683,031,644	164,571,650	922,813,250	165,588,236	10,176,470		175,764,706		1,098,577,956	0.42%
WAL MART STORES INC	127,220,741	589,235,493	125,498,457	841,954,691	178,359,731	3,119,930		181,479,661		1,023,434,352	0.39%
GOOGLE INC.	132,732,180	682,679,200	191,833,138	1,007,244,518				0		1,007,244,518	0.39%
CHEVRONTXACO CORP	174,966,754	619,229,868	206,626,652	1,000,823,274				0		1,000,823,274	0.38%
AMERICAN INTL GROUP INC	83,682,097	513,146,664	136,568,326	733,397,087	147,100,470	8,685,609	100,073,000	255,859,079		989,256,166	0.34%
JPMORGAN CHASE & CO	64,990,613	509,638,960	212,304,593	786,934,166	150,411,010			150,411,010		937,345,176	0.36%
CONOCOPHILLIPS	103,576,690	444,425,760	132,539,214	680,541,664	237,574,121			237,574,121		918,115,785	0.35%
CISCO SYSTEMS INC.	53,280,851	635,138,802	202,284,652	890,704,305	14,831,896			14,831,896		905,536,201	0.35%
PROCTER + GAMBLE CO	55,122,825	686,085,928	142,134,335	883,343,088	14,476,002			14,476,002		897,819,090	0.34%
PFIZER INC	121,293,412	549,113,086	191,223,908	861,630,406	16,187,855			16,187,855		877,818,261	0.34%
JOHNSON + JOHNSON	104,774,526	591,098,417	146,074,905	841,947,848	13,392,062			13,392,062		855,339,910	0.33%
VERIZON COMMUNICATIONS	40,777,294	405,609,494	145,968,188	592,354,976	262,930,750			262,930,750		855,285,726	0.33%
GOLDMAN SACHS GROUP	75,950,292	318,750,744	137,814,265	532,515,301	276,801,220	20,246,277		297,047,497		829,562,798	0.32%
INTERNATIONAL BUSINESS	1134,678,647	507,165,712	162,783,286	804,627,645	7,887,852	6,734,038		14,621,890		819,249,535	0.31%

(1) Real Estate exposure data only includes the 20 companies with the highest annual lease revenues for each core partnership, excludes properties in escrow. The market value exposures are calculated based only on two years of expected lease revenues.

(2) Does not include Repos

(3) Excludes securities lending exposure

CalPERS

Asset Allocation as of October 31, 2007

Total Fund Market Value: **\$260,644,026,508**

	Global Equity ¹	Domestic Equity	International Equity	AIM	Global Fixed	Domestic Fixed	International Fixed	Cash ^{2 5}	Real Estate	Total Fund
Strategic Target Range %	61-71%			3-9%	21-31%				4-12%	
Strategic Target %	66.0%	40.0%	20.0%	6.0%	26.0%	23.0%	3.0%	0.0%	8.0%	N/A
Cash Market Investment %	64.8%	35.9%	21.4%	7.5%	26.0%	23.2%	2.8%	0.8%	8.4%	N/A
Tactical Overlay %	0.5%	0.3%	0.2%					(0.5%)		N/A
Effective Investment %	65.3%	36.2%	21.6%	7.5%	26.0%	23.2%	2.8%	0.3%	8.4%	N/A
Variance % (Strategic vs. Effective)	(0.7%)	(3.8%)	1.6%	1.5%	(0.0%)	0.2%	(0.2%)	0.3%	0.4%	N/A
Strategic Target \$ ³	\$172.0	\$104.3	\$52.1	\$15.6	\$67.8	\$59.9	\$7.8	\$0	\$20.9	N/A
Cash Market Investment \$ ^{3 4}	\$168.9	\$93.6	\$55.8	\$19.5	\$67.7	\$60.4	\$7.4	\$2.2	\$21.9	N/A
Tactical Overlay \$ ³	\$1.3	\$0.9	\$0.4					(\$1.3)		N/A
Effective Investment \$ ^{3 4}	\$170.2	\$94.4	\$56.2	\$19.5	\$67.7	\$60.4	\$7.4	\$0.9	\$21.9	N/A
Variance \$ (Strategic vs. Effective) ^{3 4}	(\$1.8)	(\$9.8)	\$4.1	\$3.9	(\$0.0)	\$0.4	(\$0.5)	\$0.9	\$1.0	N/A
% Passive	52.3%	67.5%	45.2%	0.0%	0.0%	0.0%	0.0%	0.0%	5.8%	33.9%
% Active	47.7%	32.5%	54.8%	100.0%	100.0%	100.0%	100.0%	100.0%	94.2%	66.1%
% Internal	56.7%	73.3%	48.8%	0.0%	89.1%	100.0%	0.0%	100.0%	5.8%	61.2%
% External	43.3%	26.7%	51.2%	100.0%	10.9%	0.0%	100.0%	0.0%	94.2%	38.8%

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values.

* When summing amounts on this report, there may be breakage.

* MDP Venture accounts included in MDP's primary asset class. MDP Fixed, CalPERS Hedge Fund, and Enhanced Index Equity roll to External Domestic Equity.

¹ Includes AIM

² Cash includes SMIF at STO.

³ (\$ Billion)

⁴ Based upon Trade Date Accounting as recommended by CFA Institute GIPS Standards.

⁵ Approximately \$1.3 Billion notional in Equity Futures were purchased to equitize cash.

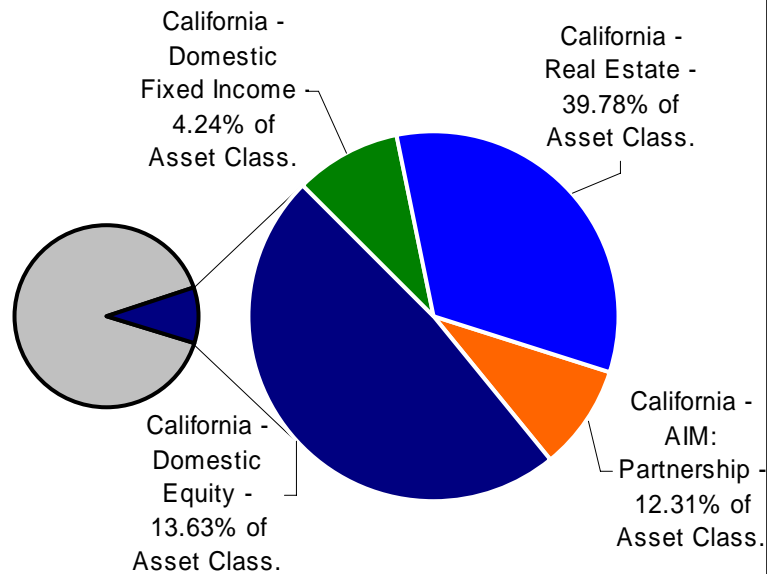
Private Market Commitment as of October 31, 2007							
AIM				Real Estate			
Funded	\$(in Billions)	% Allocation	Target Range	Funded	\$(in Billions)	% Allocation	Target Range
Fair Market Value (FMV)	\$19.49	7.5%	3-9%	Fair Market Value (FMV)	\$21.88	8.4%	4-12%
Unfunded Commitment	\$22.20	8.5%		Unfunded Commitment	\$16.03	6.1%	
Fair Market Value plus Unfunded Commitment	\$41.69	16.0%		Fair Market Value plus Unfunded Commitment	\$37.91	14.5%	

CalPERS Investments in the State of California – October 31, 2007

The State of California offers CalPERS a number of attractive investment opportunities. The following charts summarize the investments by asset class as of the date of this report. A detailed report on California investments is available in the supplemental reporting document.

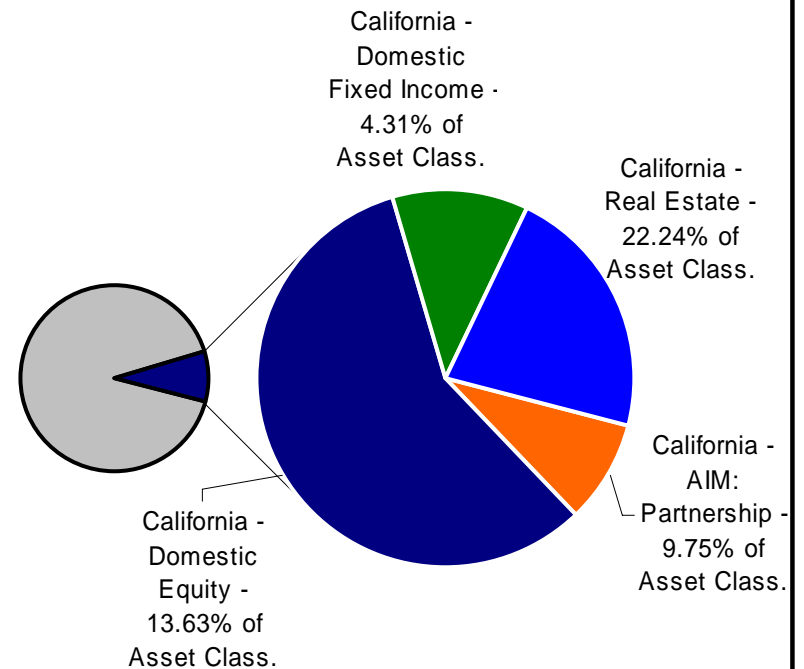
California Commitments (includes unfunded investments)

Current California Commitments at 10/31/2007 Total Fund %: 10.14%



California Investments

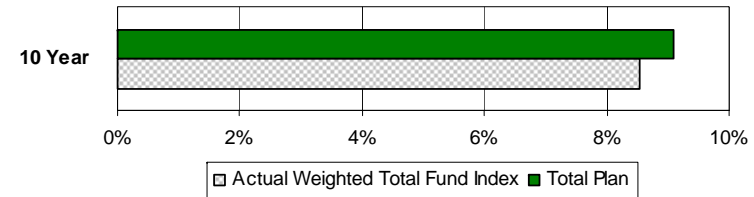
Current California Investments at 10/31/2007 Total Fund %: 8.49%



Performance Summary – October 31, 2007

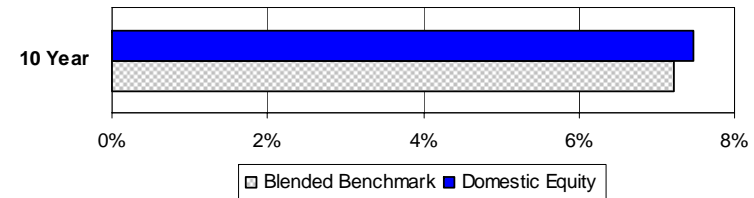
Total Plan:

Net Total Fund returns have underperformed the Actual Weighted Total Fund Index during the one-month, one-quarter, fiscal year-to-date, calendar year-to-date and one-year time periods. It has outperformed during the three-, five-, and ten-year periods. Ten-year net returns were 9.10% versus 8.55% for the actual weighted index.



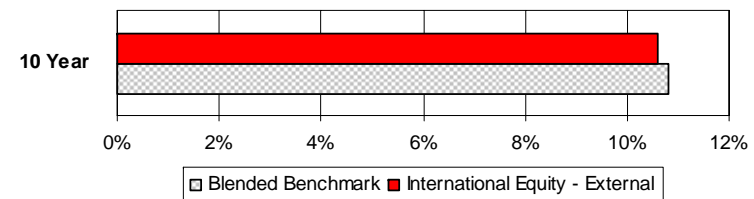
Domestic Equity:

Net Domestic Equity returns have underperformed the Blended Index in the one-month, one-quarter, fiscal year-to-date, calendar year-to-date, one- and three-year time periods. During the five-, and ten-year time periods the returns outperformed the Blended Index. Ten-year net returns were 7.47% versus 7.21% for the blended benchmark.



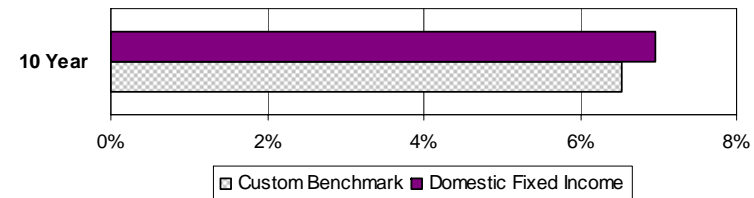
International Equity:

Net International Equity (External) returns including currency overlay underperformed the blended benchmark during the current quarter and since inception time periods but outperformed in all other periods. Ten-year net returns were 11.06% (10.59% without currency overlay) versus the 10.81% blended benchmark return. The Internal portfolio has returned 26.38% since its 5/1/2005 inception, exceeding its benchmark of 25.99%.



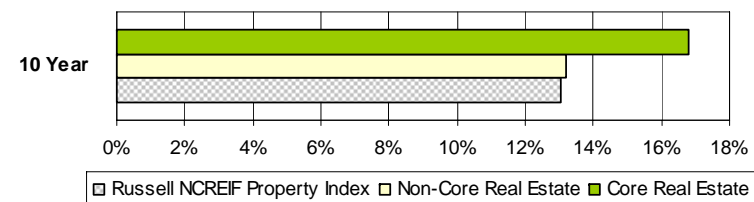
Domestic Fixed Income:

Net Domestic Fixed Income returns have exceeded the benchmark in all time periods, except in the one-month period. Ten-year net returns were 6.97% versus 6.53% for the benchmark.



Real Estate:

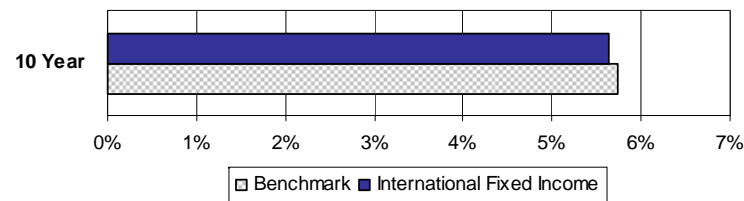
Net returns for the Core Real Estate Portfolio have exceeded the NCREIF Property benchmark during all time periods except for the calendar year-to-date, one-year periods, and since inception time periods. Non-core portfolio returns have exceeded the benchmark in the one-month, three-, five-, and ten-year time periods. Ten-year net returns were 16.80% for the Core Real Estate portfolio and 13.20% for Non-Core Real Estate, versus 13.05% for the lagged benchmark.



Performance Summary – October 31, 2007

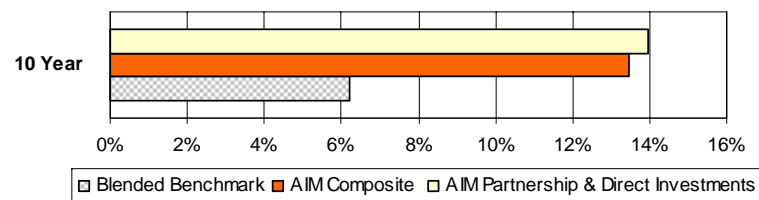
International Fixed Income:

Net International Fixed Income returns have underperformed the benchmark during the one-, three-, and ten-year time periods while outperforming during all other time periods. Ten-year net returns were 5.63% versus 5.74% for the benchmark.



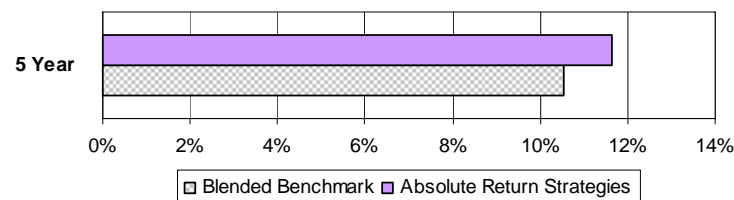
Alternative Investments:

Net returns for the Alternative Investments portfolio have exceeded the custom blended benchmark in all time periods, except for the one-month period. Ten-year net returns for the AIM Composite, which includes distributed stock, were 13.47% exceeding the ten-year custom blended benchmark return of 6.19%. Ten-year net returns for the AIM Partnership & Direct Investments were 13.94%.



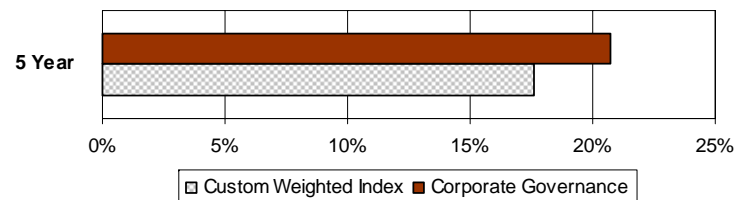
Absolute Return Strategies:

Net Absolute Return Strategies returns have exceeded the blended benchmark in all time periods except during the fiscal-year-to-date time period. Five-year net returns were 11.62% versus 10.54% for the blended benchmark.



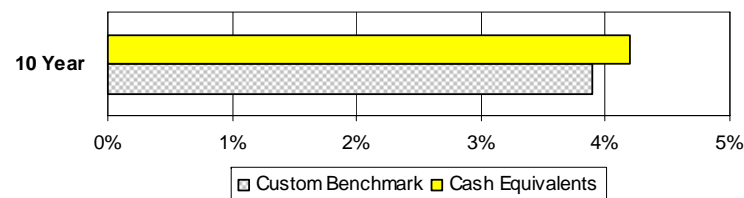
Corporate Governance:

Net returns for Corporate Governance Investments have underperformed the custom benchmark in all time periods except during the three- and five-year time periods. Five-year net returns were 20.69% versus 17.64% for the weighted index.



Cash Equivalents:

Net returns for the Cash Equivalents portfolio have met or exceeded the benchmark in all time periods except for the fiscal year-to-date and calendar year-to-date time periods. Ten-year net returns were 4.19% versus 3.89% for the custom benchmark.



CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CIO REPORT
GROSS RATES OF RETURN
Period Ending October 31, 2007

	MKT VAL (000'S)	One Month Oct 07	QTR Aug - Oct 07	FYTD 07-08	CYTD 2007	1 Year	3 Years	5 Years	10 Years
TOTAL PLAN									
SJ1CA1 - TOTAL FUND	260,644,027	2.16	6.25	5.29	13.07	16.74	15.62	15.50	9.28
CPERSTO2 - CALPERS POLICY INDEX (DAILY)		2.34	6.37	5.32	12.32	15.66	14.17	14.20	8.41
CPERSI02 - ACTUAL WEIGHTED TOTAL FUND INDEX (DAILY)		2.42	6.56	5.50	12.90	16.61	14.45	14.48	8.55
GLOBAL EQUITY									
DOMESTIC									
SH8CA1 - TOT DOMEQ+IND HG+ENV EX VENT, HDG, CG	85,550,230	2.10	7.02	3.53	11.82	15.50	13.91	14.91	7.49
Y082 - WILSHIRE 2500 EX TOBACCO (BLENDED) (DAILY)		2.16	7.28	3.89	12.05	15.70	13.94	14.86	7.21
INTERNATIONAL - EXTERNAL									
SHBCA1 - INTL TOT EXT EQ+MDP+IND HG, EX OVLY EX V	24,634,496	5.69	10.11	11.01	27.14	36.33	28.54	26.55	11.12
SHBKA1 - INTL TOT EXT EQ+MDP+IND HG+OVLY EX VT	24,399,580	5.16	8.37	8.50	24.12	32.47	27.37	24.82	10.66
CPERIN2D - CALPERS FTSE AW EX US/SSGA BLEND (DAILY)		5.68	10.55	9.99	24.14	32.25	27.00	25.95	10.81
INTERNATIONAL - INTERNAL									
SWEAB - INTERNAL INTL PASSIVE ALLOCATION	25,198,480	4.63	9.24	7.77	20.48	27.60			
QR32 - CALPERS FTSE DEV WORLD EX US&TOBACCO(DAI		4.60	9.11	7.65	20.20	27.28			
SWCG - INTERNATIONAL EQUITY TRANSITION	34,940	5.51	-1.49	-3.03	-5.05	0.20			
HEDGE FUND INVESTMENTS									
SNLCA1 - TOTAL ARS PROGRAM COMPOSITE	6,726,414	3.13	3.33	3.04	11.14	15.81	13.37	11.97	
CPERHED2 - TOTAL ARS PROGRAM BLENDED INDEX (DAILY)		0.72	2.83	3.84	9.00	10.64	8.93	10.54	
CORPORATE GOVERNANCE									
SWMKA1 - CORPORATE GOVERNANCE	5,973,917	1.08	1.31	-3.64	5.80	12.39	17.20	21.25	
CPERSGC2 - CALPERS CORPORATE GOVERNANCE IC (DAILY)		2.07	4.42	1.33	9.11	13.44	16.74	17.64	
MDP DOM FIXED INCOME-INVESTMENTS									
SN1KA1 - MDP I DOM FIXED INCOME-INVESTMENTS	199,100	1.08	3.11	3.94	5.39	6.12	4.14	5.92	
X40D - CITIGROUP BIG (DAILY)		0.94	3.06	3.99	4.92	5.50	3.97	4.52	5.95
GLOBAL FIXED INCOME									
DOMESTIC									
SJDKA1 - TOTAL DOM FIXED	59,871,149	1.20	3.53	4.59	5.35	5.93	5.11	7.23	6.97
CALCCLP2 - CALPERS CUSTOM LEH LPF (DAILY)		1.21	3.51	4.53	4.77	5.10	4.21	5.41	6.53
INTERNATIONAL									
SJDCA1 - TOTAL INTERNATIONAL FIXED INCOME	7,359,806	1.98	6.42	9.76	9.06	10.21	4.27	8.79	5.70
CALWGXU2 - CALPERS WORLD GOVT X US (DAILY)		1.84	6.36	9.68	8.92	10.24	4.39	8.49	5.74
CASH EQUIVALENTS									
SJVKA1 - TOTAL CASH	1,647,731	0.43	1.32	1.77	4.46	5.40	4.48	3.21	4.19
Y8K2 - PERS CUSTOM STIF NET OF FEES (DAILY)		0.43	1.32	1.78	4.47	5.40	4.34	3.05	3.89
ALTERNATIVE INVESTMENTS									
SJAIM - AIM COMPOSITE	19,489,013	0.11	6.86	11.62	25.83	26.13	23.36	16.63	13.48
⁽¹⁾ SJXKA1 - AIM: PARTNERSHIP & DIRECT INVESTMENTS	19,375,741	0.11	6.87	11.72	25.93	26.22	23.41	16.59	13.94
CPERYCX2 - Wilshire 2500 Plus 500 bps/CYFU Blend (Daily)		1.53	3.94	5.16	12.81	15.87	17.62	11.66	6.19
SW2V - AIM DISTRIBUTION STOCK	113,272	0.23	6.03	2.08	14.89	15.54	14.47	19.41	
REAL ESTATE									
SW3CA1 - CORE REAL ESTATE	10,301,793	0.00	8.05	8.05	14.38	17.90	34.33	23.90	18.90
SW7KA1 - TOTAL NON-CORE REAL ESTATE	10,108,952	0.61	3.63	2.36	9.19	15.89	29.63	25.97	16.66
ZLWD - NCREIF PROPERTY 1 QTR LAG (DAILY)		0.00	4.59	4.59	13.26	17.24	17.98	14.39	13.05
INFLATION LINKED									
SX2CA1 - TOTAL INFLATION LINKED (PILOT)	1,951,457	6.52							
CPERSCP4 - CPI + 400 BPS		0.60							

⁽¹⁾ SJXKA1 actual inception 3/90, returns only available since conversion to State Street Bank Private Real Estate valued at prior quarter-end; Public Real Estate valued at current month-end.

Excludes MDP venture accounts in composites SW9C, SWDC.

This report prepared by State Street Bank

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CIO REPORT
NET RATES OF RETURN
Period Ending October 31, 2007

	MKT VAL (000'S)	One Month Oct 07	QTR Aug - Oct 07	FYTD 07-08	CYTD 2007	1 Year	3 Years	5 Years	10 Years
TOTAL PLAN									
SJ1CA1 - TOTAL FUND	260,644,027	2.15	6.18	5.21	12.87	16.48	15.25	15.20	9.10
CPERSTO2 - CALPERS POLICY INDEX (DAILY)		2.34	6.37	5.32	12.32	15.66	14.17	14.20	8.41
CPERSI02 - ACTUAL WEIGHTED TOTAL FUND INDEX (DAILY)		2.42	6.56	5.50	12.90	16.61	14.45	14.48	8.55
GLOBAL EQUITY									
DOMESTIC									
SH8CA1 - TOT DOMEQ+IND HG+ENV EX VENT, HDG, CG	85,550,230	2.10	7.01	3.52	11.80	15.47	13.89	14.89	7.47
Y082 - WILSHIRE 2500 EX TOBACCO (BLENDED) (DAILY)		2.16	7.28	3.89	12.05	15.70	13.94	14.86	7.21
INTERNATIONAL - EXTERNAL									
SHBCA1 - INTL TOT EXT EQ+MDP+IND HG, EX OVLY EX V	24,634,496	5.69	10.06	10.96	26.98	36.12	28.42	26.45	11.06
SHBKA1 - INTL TOT EXT EQ+MDP+IND HG+OVLY EX VT	24,399,580	5.15	8.32	8.44	23.96	32.25	27.24	24.71	10.59
CPERIN2D - CALPERS FTSE AW EX US/SSGA BLEND (DAILY)		5.68	10.55	9.99	24.14	32.25	27.00	25.95	10.81
INTERNATIONAL - INTERNAL									
SWEAB - INTERNAL INTL PASSIVE ALLOCATION	25,198,480	4.63	9.24	7.77	20.48	27.60			
QR32 - CALPERS FTSE DEV WORLD EX US&TOBACCO(DAILY)		4.60	9.11	7.65	20.20	27.28			
SWCG - INTERNATIONAL EQUITY TRANSITION	34,940	5.51	-1.49	-3.03	-5.05	0.20			
HEDGE FUND INVESTMENTS									
SNLCA1 - TOTAL ARS PROGRAM COMPOSITE	6,726,414	3.06	3.18	2.89	10.79	15.36	13.07	11.62	
CPERHED2 - TOTAL ARS PROGRAM BLENDED INDEX (DAILY)		0.72	2.83	3.84	9.00	10.64	8.93	10.54	
CORPORATE GOVERNANCE									
SWMKA1 - CORPORATE GOVERNANCE	5,973,917	1.06	1.29	-3.73	5.51	12.06	16.80	20.69	
CPERSGC2 - CALPERS CORPORATE GOVERNANCE IC (DAILY)		2.07	4.42	1.33	9.11	13.44	16.74	17.64	
MDP DOM FIXED INCOME-INVESTMENTS									
SN1KA1 - MDP I DOM FIXED INCOME-INVESTMENTS	199,100	1.08	3.08	3.91	5.32	6.00	4.00	5.73	
X40D - CITIGROUP BIG (DAILY)		0.94	3.06	3.99	4.92	5.50	3.97	4.52	5.95
GLOBAL FIXED INCOME									
DOMESTIC									
SJDKA1 - TOTAL DOM FIXED	59,871,149	1.20	3.53	4.59	5.35	5.93	5.10	7.21	6.97
CALCCLP2 - CALPERS CUSTOM LEH LPF (DAILY)		1.21	3.51	4.53	4.77	5.10	4.21	5.41	6.53
INTERNATIONAL									
SJDCA1 - TOTAL INTERNATIONAL FIXED INCOME	7,359,806	1.98	6.41	9.75	9.02	10.15	4.20	8.71	5.63
CALWGXU2 - CALPERS WORLD GOVT X US (DAILY)		1.84	6.36	9.68	8.92	10.24	4.39	8.49	5.74
CASH EQUIVALENTS									
SJVKA1 - TOTAL CASH	1,647,731	0.43	1.32	1.77	4.46	5.40	4.48	3.21	4.19
Y8K2 - PERS CUSTOM STIF NET OF FEES (DAILY)		0.43	1.32	1.78	4.47	5.40	4.34	3.05	3.89
ALTERNATIVE INVESTMENTS									
SJAIM - AIM COMPOSITE	19,489,013	0.10	6.86	11.61	25.82	26.12	23.34	16.62	13.47
⁽¹⁾ SJXKA1 - AIM: PARTNERSHIP & DIRECT INVESTMENTS	19,375,741	0.11	6.87	11.72	25.93	26.22	23.41	16.59	13.94
CPERYCX2 - Wilshire 2500 Plus 500 bps/CYFU Blend (Daily)		1.53	3.94	5.16	12.81	15.87	17.62	11.66	6.19
SW2V - AIM DISTRIBUTION STOCK	113,272	-0.03	5.75	1.47	13.14	13.78	12.95	18.06	
REAL ESTATE									
SW3CA1 - CORE REAL ESTATE	10,301,793	0.00	7.25	7.25	13.20	16.24	29.20	20.55	16.80
SW7KA1 - TOTAL NON-CORE REAL ESTATE	10,108,952	0.61	2.81	1.54	6.42	11.99	22.51	20.48	13.20
ZLWD - NCREIF PROPERTY 1 QTR LAG (DAILY)		0.00	4.59	4.59	13.26	17.24	17.98	14.39	13.05
INFLATION LINKED									
SX2CA1 - TOTAL INFLATION LINKED (PILOT)	1,951,457	6.52							
CPERSCP4 - CPI + 400 BPS		0.60							

⁽¹⁾ SJXKA1 actual inception 3/90, returns only available since conversion to State Street Bank Excludes MDP venture accounts in composites SW9C, SWDC.
Private Real Estate valued at prior quarter-end; Public Real Estate valued at current month-end.

This report prepared by State Street Bank

Operations / Activity Reports

Closed Session Transactions

- There was one (1) closed session transaction reported to the Board in Open Session per the requirements of California Government Code Section 20191.5 and the current CalPERS Board of Administration Statement of Policy & Procedures for Closed Sessions.

Activity Reports

- Staff prepares activity reports for the AIM, Absolute Return Strategies and Opportunistic Real Estate Programs. Detailed reports and investment summaries for the AIM and Risk Managed Absolute Return Strategies are included in the supplemental reporting document. Opportunistic Real Estate Investments will be reported below as they occur.

AIM Activity Report

Activity	Month	2004	2005	2006	2007 YTD	Since Inception
Investment Proposals Entered	31	381	316	301	383	6,465
Declined/Referred/Failed to Materialize	17	223	429	262	316	5,171
Deals in Screening	49	397	319	301	383	3,479
Due Diligence Reviews	19	65	59	61	66	648

Risk Managed Absolute Return Strategies Program Activity Report

Activity	2004	2005	2006	2007	Since Inception
Information Received	59	59	69	79	705
Declined	12	7	1	0	243
Deals in Screening	45	58	68	79	450
Due Diligence Reviews	6	18	52	44	153
Approved by ARS Board	4	7	9	6	39
Funded Investments (\$ Millions)	\$149	\$783	\$1,809	\$1,814	\$5,134

Opportunistic Real Estate Investments Activity Report

Fund Name	Allocation Committed
No Items to Report	

Quarterly / Semi-Annual Report(s)

According to policy requirements, the following is summary information extracted from the quarterly and annual report(s) prepared for Investment Committee consideration. Executive Summaries and Full Reports are available in the supplemental reporting document.

AIM Program Semi-Annual Report:

AIM Program Summary

Investment Category	<u>Capital</u> <u>Commitments</u> <u>w/Exited (\$mil)</u>¹	<u>IRR</u> <u>06/30/2007</u>²
Buyout	\$447.9	(19.5)
Co-Investments	581.0	1.9
Corporate Restructuring	18,401.5	19.2
Direct Investments	1,286.7	20.9
Distressed Securities	3,837.4	21.4
Expansion Capital	3,551.7	4.6
Investment Vehicles ³	6,052.1	7.4
Mezzanine Debt	723.5	2.6
Secondary Interests	1,362.3	18.4
Special Situations	1,123.1	6.9
Venture Capital	4,295.9	8.3
Total Commitments w/Exited	\$41,663.1	14.1

- As of June 30, 2007 the AIM Program had total commitments of \$41.6 billion and active commitments of \$26.2 billion.
- As of June 30, 2007 the AIM Program has generated a net internal rate of return ("IRR") of 14.1%. The inception date was March 1990. As of June 2007, the ten-year rolling average return for the CalPERS Wilshire 2500 Index plus 300 was 11.2%. The public markets performance has had stellar returns over the past few years, and the performance of the AIM program has improved and should continue to go higher as there is typically a lag in the valuations in the private market to those of the public market. In addition, the AIM program is still young and only has an average age of 3.6 years and therefore the majority of the portfolio is still in the early stage of its investment life. To address the young age of the AIM portfolio, CalPERS adopted a short-term benchmark. The benchmark measures performance of partnerships in the first five years of life against Venture Economics' universe data. As of June 30, 2007, the AIM Program's young funds produced an IRR of 27.6%, which ranks above the Custom Venture Economics Young Fund Universe median return of 6.0%⁴. Analysis of alternative private equity benchmarks indicates that the Custom Venture Economics Young Fund Universe is a more representative benchmark for the AIM Program, as it compares the Program's young funds to a similar universe.

¹ Includes all active and exited commitments (in \$ millions) as of June 30, 2006.

² IRRs are provided by State Street PrivateEdge. The inception date for the AIM program is March 1990, but investment categories may have different inception dates.

³ Investment vehicles include California Emerging Ventures, California Emerging Ventures II, California Emerging Ventures III, California Initiative, and Corporate Partners Program.

⁴ The Venture Economics young fund universe information is preliminary. Venture Economics releases preliminary information to Wilshire and CalPERS when its database is at least 65% populated.

AIM Program Semi-Annual Report (cont.)

- The performance of the Program's younger funds is affected by the "J-curve." The "J-curve" references the typical pattern of investment returns exhibited by private investments. This occurs because managers' investments are carried at cost until there is a tangible basis for changing an investment's valuation. The significant outperformance of the CalPERS' AIM Program in the face of the J-curve phenomenon is a function of well-rewarded deal selection.
- The Program's partnership funds represent the single largest investment category in which the Program is invested. The buyout investments ranked very favorably versus the partnership universe provided by Venture Economics, outperforming the universe median during almost all vintage years. Through June 30, 2007 the partnership funds yielded a return close to 1.5%. The buyout funds are classified in the Corporate Restructuring and the Expansion Capital investment categories in Exhibit II.
- Venture capital showed a positive IRR of 8.3 as of June 30, 2007. The historical median IRR with the exception of 1998 and 2002 has performed well in comparison to the venture capital universe.

Quarterly / Semi-Annual Report(s)

Deferred Compensation Program:

S & P 500 Index Fund:

	<u>12/99</u>	<u>12/00</u>	<u>12/01</u>	<u>12/02</u>	<u>12/03</u>	<u>12/04</u>	<u>12/05</u>	<u>12/06</u>	<u>09/07</u>
Market Value									
(\$ millions)	887.1	831.6	744.3	581.7	821.1	932.2	955.9	1,074.3	143.1

PERFORMANCE*				
For Periods Ended September 30, 2007				
	<u>Qtr.</u>	<u>1 Yr.</u>	<u>3 Yr.</u> <u>Annualized</u>	<u>5 Yr.</u> <u>Annualized</u>
S&P 500 Index Fund	3.75%	16.75%	13.25%	15.47%
<u>Benchmark:</u>				
S&P 500 Index	3.74%	16.44%	13.14%	15.45%

Comments: For the quarter, the portfolio had an additional return of 1 bps versus the S&P 500 index. The NAV returns for the quarter and one-year period were 3.75% and 16.75% versus the benchmark's 3.74% and 16.44% respectively. The S&P 500 Index Fund began in November 1991 with the Savings Plus Program and grew as the CalPERS 457 Program was added in February 1995.

*Gross performance. As of July 1, 1996 asset management fees for the Savings Plus Program were renegotiated to .056% per year. Prior to July 1, 1996 Savings Plus Program had asset management fees of .16% per year. CalPERS 457 Program has asset management fees of .09% per year and an administration fee of .26% per year. **Above returns are calculated using Internal Rate of Return (IRR).

Quarterly / Semi-Annual Report(s)

Securities Lending Earnings:

Earnings for the quarter ended September 30, 2007, are presented to the Investment Committee for information.

Asset Class	Average Lendable Assets (\$ 000)	Average % on Loan	Net Margin (Annualized)	Net Income to CalPERS (\$ 000)
Global Equities	\$117,999,301	22%	30 bp	\$ 19,348
Global Fixed Income	\$ 38,569,063	52%	1 bp	\$ 482
Total Program	\$150,545,981	29%	17 bp	\$ 19,830

Policy Violations:

Boston Global Advisors did not violate the policy during the third quarter of the calendar year.

Credit Suisse violated the policy during the third quarter of the calendar year. The violation was a carryover from the prior quarter. Credit Suisse invested in Asset Backed Commercial Paper in June which was collateralized with prime mortgages (high quality borrowers). Staff worked with Credit Suisse to bring the portfolio back into compliance in October.

eSecLending violated the policy during the third quarter of the calendar year. eSecLending invested in Asset Backed Commercial Paper which was collateralized with prime mortgages (high quality borrowers). The investments were cured in the third quarter, bringing the fund back into compliance.

Metropolitan West did not violate the policy during the third quarter of the calendar year.

State Street Bank did not violate the policy during the third quarter of the calendar year.

The program also experienced a violation in the external cash reinvestment portfolios when a Corporate Note was downgraded. The security in question was rated AAA by S & P and Moody's upon purchase. On August 28, 2007 S & P downgraded the security to A -, breaching our policy requirement of minimum corporate note ratings of A1/A+/A+. Our Policy does not force us to sell assets which incur a downgrade. As a result, staff is currently working with both external cash managers to review all opportunities to maximize value on this holding.

Results:

The securities lending program generated \$19.8 million of net income for the quarter ended September 30, 2007. The average market value of securities on loan for the quarter was \$46 billion.

Quarterly / Semi-Annual Report(s)

Supplemental Income Plans:

CalPERS 457 Plan - During the 3rd quarter ending September 30, 2007, the CalPERS 457 Plan experienced a \$24.3 million or 3.6% net increase in assets for a total of \$706.7 million. The number of participants grew by 779 to 24,742 and agency adoptions by 7 to 609.

The current asset value of the program as of October 31, 2007 is \$722.4 million, with 25,046 participants and 611 agencies.

State Peace Officers' and Firefighters' Defined Contribution Plan (POFF) -

The POFF Plan assets grew 5.9% from last quarter, to \$345.9 million. The number of participants increased by 811 for a total of 38,571.

Supplemental Contributions Plan (SCP) - The SCP assets increased 2.2% from last quarter, to \$23.3 million. The number of participants decreased by 10 to 745, for a -1.3% decrease.

Investment Transactions

Investment Transactions are reported to the Investment Committee for review under the requirements of California Government Code Section 20191. Information is provided in summary format in this consolidated document. Full reporting is available in the supplemental reporting document.

Portfolio Summary and Transactions Report:

- Purchases – Internal Management (Page 19)
- Sales – Internal Management (Page 20)
- Currency Hedge Portfolio Summary (Page 21)
- Currency Hedge Portfolio Transactions (Page 21)

Investment Transaction Information: (full reporting is available in the supplemental reporting document)

- Fixed Income Transactions
 - Internal Domestic
 - External International and High Yield
 - Special Mortgage Investment Program Transactions
 - High Yield Performance
- Equity Summary & Transactions
 - Internal Domestic
 - Corporate Actions
 - External Domestic
 - External International
- Internal Programs
 - Real Estate Transactions Summary
 - Dispositions Summaries
 - Global Innovation Partners – Sunset Gower Studios, CalPERS equity share \$58,000,000.00
 - Western Multifamily – The Bluffs, CalPERS equity share \$45,841,202.00
 - Western Multifamily – The Fairways at Raccoon Creek, CalPERS equity share \$47,834,550.00
 - LaSalle-CalEast – CenterPoint JV, CalPERS equity share \$20,211,704.00
 - Western Multifamily – Carriages at Fairwood Downs, CalPERS equity share \$60,078,124.00
 - RREEF-CalWest – DB RREEF Industrial JV, CalPERS equity share \$218,657,197.00
 - Acquisitions Summaries
 - RREEF-CalSmart – Citigate, CalPERS equity share \$2,928,945
 - AIM Program Transactions
 - Summary Listing of Capital Calls and Aggregate Distributions
 - AIM Program Investments Completed under Delegation of Authority
 - Investment Summaries
 - Apollo Investment Fund VII, LP, \$1 billion commitment
 - Ares/CalPERS CLO Vehicle, \$140 million commitment
 - Audax Credit Opportunities Fund, LP, \$25 million commitment
 - Sacramento Private Equity Partners, LP, additional \$50 million commitment

Investment Transactions

Investment Transaction Information (continued): [\(full reporting is available in the supplemental reporting document\)](#)

- Internally Managed Derivative Transactions Summary
 - Investment Summaries
 - Futures purchases: \$5,408.0 million notional
 - Futures sales: \$5,317.9 million notional
- Risk Managed Absolute Return Strategies Program Transactions
 - No Items to Report.
- Risk Managed Absolute Return Strategies Program Items Completed Under Delegation of Authority
 - Investment Summaries
 - No Items to Report

Portfolio Summary and Transactions

INVESTMENT TRANSACTIONS SUMMARY

(\$ Millions)

September 2007

PURCHASES

INTERNAL MANAGEMENT

	<u>PAR</u>	<u>COST</u>	<u>ANNUALIZED YIELD</u>	<u>%OF LONG TERM PURCHASES</u>
<u>ALTERNATIVE INVESTMENTS:</u>				
Partnership Component	\$771.5	\$816.8	N/A	4.30%
<u>BONDS:</u>				
Utilities & Industrials	\$987.5	\$982.1	6.80%	5.17%
Sovereign	<u>320.0</u>	<u>325.2</u>	4.97%	<u>1.71%</u>
Total	1307.5	\$1,307.3		6.88%
<u>GOVERNMENTS:</u>				
U.S. Agencies & Treasuries	\$2,440.3	\$2,490.2	4.66%	13.11%
<u>MORTGAGE SECURITIES:</u>				
Pass-Through	\$145.5	\$144.8	8.55%	0.76%
CMO	<u>1,313.4</u>	<u>1,295.1</u>	6.20%	<u>6.82%</u>
Total	\$1,458.9	\$1,439.9		7.58%
<u>EQUITIES:</u>				
Common Stock		\$5,876.7	N/A	30.93%
EXTERNAL MANAGEMENT				
<u>EQUITIES AND FIXED INCOME:</u>				
International Common Stock		\$1,852.1	N/A	9.75%
Domestic Common Stock		2,371.6	N/A	12.48%
International Fixed Income		<u>2,843.1</u>	N/A	<u>14.97%</u>
Total		\$7,066.8		37.20%
TOTAL PURCHASES:		\$18,997.7		100%

Portfolio Summary and Transactions

INVESTMENT TRANSACTIONS SUMMARY

(\$ Millions)

September 2007

SALES

INTERNAL MANAGEMENT

	<u>PAR</u>	<u>COST</u>	<u>PROCEEDS</u>	<u>GAIN/ LOSS</u>
<u>ALTERNATIVE INVESTMENTS:</u>				
Partnership Component	197.0	\$127.6	\$127.6	\$0.0
<u>BONDS:</u>				
Utilities & Industrials	45.0	\$45.3	\$42.6	(\$2.7)
Sovereign	<u>195.0</u>	<u>197.6</u>	<u>198.5</u>	<u>0.9</u>
Total	240.0	\$242.9	\$241.1	-\$1.8
<u>GOVERNMENTS:</u>				
U.S. Agencies & Treasuries	988.4	\$1,022.2	\$1,026.2	\$4.0
<u>MORTGAGE SECURITIES:</u>				
Pass-Through	535.5	\$532.3	\$538.7	6.4
CMO	<u>0.0</u>	<u>\$0.0</u>	<u>0.0</u>	<u>0.0</u>
Total	535.5	\$532.3	\$538.7	\$6.4
<u>EQUITIES:</u>				
Common Stock		\$7,211.2	\$10,041.7	\$2,830.5
EXTERNAL MANAGEMENT				
<u>EQUITIES AND FIXED INCOME:</u>				
International Common Stock		\$1,786.1	\$1,954.3	\$168.2
Domestic Common Stock		1,962.8	1,997.2	\$34.4
International Fixed Income		<u>2,721.0</u>	<u>2,752.0</u>	<u>31.0</u>
Total		\$6,469.9	\$6,703.5	\$233.6
TOTAL SALES:		\$15,606.1	\$18,678.8	\$3,072.7

Portfolio Summary and Transactions

CURRENCY HEDGE PORTFOLIO SUMMARY

(\$ Millions)

September 2007

<u>PENDING FX CONTRACTS</u>	<u>COST</u>	<u>MARKET VALUE</u>
Total FX Purchased	\$10,335.0	\$10,596.0
Total FX Sold	\$15,209.1	\$15,656.8

CURRENCY OPTIONS

Currency Puts	(\$112.1)	(\$112.1)
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"For FX purchased, a market value higher than book value means the contracts have an unrealized gain as of the valuation date. For FX sold, a market value lower than book value means the contracts have an unrealized gain as of the valuation date."

CURRENCY HEDGE TRANSACTION SUMMARY

(\$ Millions)

September 2007

<u>PURCHASES</u>	<u>COST</u>
Pending FX Contracts	\$3,732.0
<u>SALES</u>	<u>PROCEEDS</u>
Pending FX Contracts	\$3,110.0

Affiliate Funds Reports

Staff has compiled the following Affiliate Funds Allocation Reports for the period ending October 31, 2007.

Annuitants' Health Care Fund:

<u>Asset Class</u>	<u>Book Value</u>	<u>Percent of Portfolio</u>	<u>Market Value</u>	<u>Percent of Portfolio</u>
CASH	\$3,520,819.72	7.71%	\$3,520,819.72	7.35%
DOMESTIC EQUITY	\$18,999,967.62	41.59%	\$19,838,051.53	41.39%
FIXED INCOME	\$11,299,524.90	24.74%	\$11,552,568.09	24.10%
INTERNATIONAL EQUITY	\$11,859,575.07	25.96%	\$13,019,730.19	27.16%
TOTAL	<u>\$45,679,887.31</u>		<u>\$47,931,169.53</u>	

CalPERS Health Care Bond Fund:

<u>Asset Class</u>	<u>Book Value</u>	<u>Percent of Portfolio</u>	<u>Market Value</u>	<u>Percent of Portfolio</u>
FIXED INCOME	\$ 356,739,512.70	100.00%	\$ 365,818,850.80	100.00%
TOTAL	<u>\$ 356,739,512.70</u>		<u>\$ 365,818,850.80</u>	

Judges' Retirement Fund:

<u>Asset</u>	<u>Book Value</u>	<u>Percent of Portfolio</u>	<u>Market Value</u>	<u>Percent of Portfolio</u>
CASH	\$3,304,121.24	100.00%	\$3,304,121.24	100.00%
TOTAL	<u>\$3,304,121.24</u>		<u>\$3,304,121.24</u>	

Affiliate Funds Reports

Judges II Retirement Fund:

<u>Asset</u>	<u>Book Value</u>	<u>Percent of Portfolio</u>	<u>Market Value</u>	<u>Percent of Portfolio</u>
CASH	\$8,078.95	0.00%	\$8,078.95	0.00%
DOMESTIC EQUITY	\$92,069,018.19	40.75%	\$117,605,587.23	43.86%
FIXED INCOME	\$92,516,485.19	40.94%	\$96,438,260.04	35.97%
INTERNATIONAL EQUITY	\$41,370,050.74	18.31%	\$54,068,628.33	20.17%
TIPS	\$0.00	0.00%	\$0.00	0.00%
TOTAL	<u>\$225,963,633.07</u>		<u>\$268,120,554.55</u>	

Legislators' Retirement Fund:

<u>Asset Class</u>	<u>Book Value</u>	<u>Percent of Portfolio</u>	<u>Market Value</u>	<u>Percent of Portfolio</u>
CASH	\$9,970.78	0.01%	\$9,970.78	0.01%
DOMESTIC EQUITY	\$33,414,843.25	25.96%	\$43,647,954.28	29.84%
FIXED INCOME	\$74,709,406.06	58.04%	\$77,964,916.76	53.30%
INTERNATIONAL EQUITY	\$11,301,383.82	8.78%	\$14,774,630.23	10.10%
TIPS	\$9,293,413.04	7.22%	\$9,867,194.13	6.75%
TOTAL	<u>\$128,729,016.95</u>		<u>\$146,264,666.18</u>	

Long Term Care Fund:

<u>Asset</u>	<u>Book Value</u>	<u>Percent of Portfolio</u>	<u>Market Value</u>	<u>Percent of Portfolio</u>
CASH	\$85,827.93	0.00%	\$85,827.93	0.00%
DOMESTIC EQUITY	\$622,152,536.81	30.87%	\$802,953,985.78	33.80%
FIXED INCOME	\$935,009,238.03	46.39%	\$998,223,130.48	42.02%
INTERNATIONAL EQUITY	\$349,177,921.19	17.32%	\$457,088,363.27	19.24%
TIPS	\$109,206,701.52	5.42%	\$117,274,228.84	4.94%
TOTAL	<u>\$2,015,632,225.48</u>		<u>\$2,375,625,536.30</u>	

Affiliate Funds Reports

Public Employees' Medical & Hospital Care Act Contingency Reserve Fund:

<u>Asset</u>	<u>Book Value</u>	<u>Percent of Portfolio</u>	<u>Market Value</u>	<u>Percent of Portfolio</u>
CASH	\$5,856,133.33	100.00%	\$5,856,133.33	100.00%
TOTAL	<u>\$5,856,133.33</u>		<u>\$5,856,133.33</u>	

Supplemental Contribution Fund:

<u>Asset</u>	<u>Book Value</u>	<u>Percent of Portfolio</u>	<u>Market Value</u>	<u>Percent of Portfolio</u>
CASH	\$190,005.38	0.98%	\$190,005.38	0.80%
DOMESTIC EQUITY	\$9,269,673.20	48.03%	\$12,352,684.88	51.85%
FIXED INCOME	\$6,120,482.83	31.72%	\$6,392,854.40	26.83%
INTERNATIONAL EQUITY	\$3,717,755.06	19.27%	\$4,888,052.67	20.52%
TIPS	\$0.00	0.00%	\$0.00	0.00%
TOTAL	<u>\$19,297,916.47</u>		<u>\$23,823,597.33</u>	

Volunteer Firefighters Length of Service Award Fund:

<u>Asset</u>	<u>Book Value</u>	<u>Percent of Portfolio</u>	<u>Market Value</u>	<u>Percent of Portfolio</u>
CASH	\$5,072.23	0.16%	\$5,072.23	0.14%
DOMESTIC EQUITY	\$2,628,915.19	84.54%	\$2,943,273.25	79.60%
INTERNATIONAL EQUITY	\$475,672.77	15.30%	\$749,421.28	20.27%
TOTAL	<u>\$3,109,660.19</u>		<u>\$3,697,766.76</u>	